

**DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE AND SECURITIES REGULATION**

**In Re: Application of WellPoint Health
 Networks Inc. regarding Conversion
 and Acquisition of Control of Group
 Hospitalization and Medical Services,
 Inc.**

**PROPOSED
CASE MANAGEMENT ORDER**

On January 11, 2002, WellPoint Health Networks Inc. (the “Applicant”) filed an application (“Application”) with the District of Columbia Department of Insurance and Securities Regulation (“DISR”) seeking the approval of the Commissioner of Insurance (“Commissioner”) of Applicant’s proposed acquisition of control of Group Hospitalization and Medical Services, Inc. (“GHMSI”)¹ and, as a necessary prerequisite thereto, the proposed conversion of GHMSI from a nonprofit hospital and medical services corporation to a for profit stock life insurance company. This Case Management Order addresses the process that shall be used by the DISR in its review of the Application. The DISR Rules of Practice and Procedures for Hearings that will be promulgated prior to the hearings and the District of Columbia Administrative Procedures Act shall govern all proceedings in this matter.

1. Participants. There shall be two classes of participants in this proceeding: Parties and Interested Persons.

A. Parties. Parties shall have all of the rights and duties prescribed by D.C. Official Code § 2-509(b) of the District of Columbia Administrative Procedure Act, D.C. Official Code § 31-703(g)(2) of the Insurance Holding Company System

¹ Popularly known as CareFirst Blue Cross Blue Shield.

Act, and D.C. Official Code § 31-3515 of the Hospital and Medical Services Corporation Regulatory Act, including the right to present evidence, examine and cross-examine witnesses, offer oral and written arguments, and conduct discovery proceedings.² As the Applicant, WellPoint shall be a Party to this proceeding. The DISR staff may offer argument and documentary and testimonial evidence, including cross-examination of any Party's witnesses and shall participate in this proceeding and the formal administrative hearing ("Public Hearing") to the same extent as a Party. Any other person who wishes to participate as a Party shall file with the Department a motion to intervene no later than the Intervention Cut-Off Date, July 30, 2002. The motion to intervene shall identify the nature of the proposed intervenor's interest in the proceeding, state how the outcome of the proceeding will or may affect the proposed intervenor, describe any other factors that would support the proposed intervenor's participation as a Party and any relief sought.

It should be emphasized that "Party" status conveys not only the rights of being a Party, but also the obligations and responsibilities. These include being subject to discovery and the obligation to respond to discovery requests, being subject to cross examination, being required to serve copies of all pleadings on all other parties, and being required to attend, in person or by counsel, status conferences, pre-hearing conferences and other formal proceedings from and after intervention, including any legal proceedings that may ensue after a decision has been rendered.

2 In the same manner as is presently allowed in the Superior Court of the District of Columbia.

B. Interested Persons. Interested Persons will be given a reasonable opportunity to offer oral or written statements at the Public Hearing on the Application. Interested Persons who want to submit a written statement only shall file such written statement with the Department no later than fifteen (15) days prior to the date the Public Hearing commences. Written statements need not be under oath, but they may include or consist of affidavits or other documentary evidence. A written statement shall include the identity of the person or organization making the statement and the Interested Person's interest in the proceeding. Written statements and other documents submitted by Interested Persons shall be filed with the Department and placed in the formal record in this proceeding, but need not be served on persons participating as Parties.

Any Interested Person who wishes to make an oral statement at the Public Hearing must file with the Department a written request to do so at least ten (10) days prior to the commencement of the Public Hearing. A request to present an oral statement at the Public Hearing shall state the identity of the person making the request, describe briefly the nature of the person's interest in the proceeding, identify the spokesperson who will make the statement if different from the Interested Person, describe the length of time requested, and, if more than ten (10) minutes is requested, state the reasons why the requested amount of time is needed. A person making an oral statement need not file a written statement with the Department to testify at the public hearing. Interested Persons will not have the right to examine or cross-examine witnesses or conduct discovery.

Nothing in this Case Management Order describing the manner in which individuals or organizations may participate in this proceeding is intended to enlarge or diminish any rights they have or limitations that may exist on any rights to seek judicial review.

2. Draft Amended and Restated Application. The Applicant shall file on or before July 16, 2002, a draft Amended and Restated Application as referenced in the Commissioner's Preliminary Order dated April 5, 2002.

3. Status Conferences. The Commissioner will hold status conferences in this matter as circumstances warrant. Two status conferences are scheduled at the outset: one on August 15, 2002 at 9:30 A.M. and one on September 17, 2002 at 9:30 A.M., both to be held at the office of the DISR. Unless excused by the Commissioner in writing, all Parties shall attend each status conference in person or through counsel.

4. Discovery. Any person participating in this proceeding as a Party shall have the right to conduct discovery proceedings.³ All discovery requests shall be served not later than thirty (30) days in advance of the Discovery Completion Date, October 4, 2002.

5. Final Amended and Restated Application. On October 15, 2002 the Applicant shall file and serve on all other Parties its final Amended and Restated Application.

6. Documentary Evidence & Pre Hearing Briefs. On or before October 22, 2002, each Party shall file and serve upon all other Parties a Pre Hearing Brief and all written testimony and documentary evidence that they intend to offer in support of or opposition to the Application.

7. Reply Briefs and Rebuttal Documentary Evidence. On or before October 29, 2002, each Party shall file and serve upon all other Parties any Reply Brief they wish to file and any written

3 In the same manner as is presently allowed in the Superior Court of the District of Columbia.

rebuttal testimony or documentary evidence that they intend to offer in support of or opposition to the Application.

8. Limitation on Additional Written Testimony or Documentary Evidence. No Party will be allowed to offer any written testimony or documentary evidence at the Public Hearing that was not filed and served pursuant to paragraphs 6 and 7 above unless the Party shows good cause why the evidence could not, with reasonable diligence, have been presented in accordance with the requirements and deadlines set forth in paragraphs 6 and 7.

9. Pre Hearing Conference. On or before October 31, 2002, all Parties shall file Pre Hearing Conference Information Sheets which shall be in a form to be determined by the Commissioner. All Parties shall attend a Pre Hearing Conference on November 4, 2002, commencing at 9:30 A.M. The Pre Hearing Conference shall address any procedural questions that exist regarding the conduct of the Public Hearing.

10. Public Hearing.

A. Evidentiary Phase. The Public Hearing on the final Amended and Restated Application shall commence on November 12, 2002, at 9:30 A.M. with the presentation of oral testimony and oral argument. Unless excused upon written motion, all Parties shall attend this portion of the Public Hearing in person or through counsel. The evidentiary record will be closed at the conclusion of the oral testimony and oral argument presented in the Evidentiary Phase of the Public Hearing.

B. Final Briefing Phase. After completion of the Evidentiary Phase of the Public Hearing, the Parties will be afforded an opportunity to file final written briefs on the merits of the final Amended and Restated Application. No new testimony or documentary evidence will be

allowed in the Final Briefing Phase of the Public Hearing. The schedule for submitting briefs will be announced by the Commissioner at the conclusion of the Evidentiary Phase of the Public Hearing.

11. Final Decision. The Commissioner will issue an Order containing his final determination on the final Amended and Restated Application within 30 days of the conclusion of the Final Briefing Phase of the Public Hearing, as contemplated by D.C. Official Code § 31-703(g)(2).

12. Rules of Evidence. The Commissioner need not be bound by technical rules of evidence in this proceeding, but will give the Parties reasonable opportunity to be heard and to present evidence.

13. Address for Filings with Department. All filings required or permitted herein shall be addressed and delivered to:

Government of the District of Columbia
Department of Insurance and Securities Regulation
810 First Street, N.E., Suite 701
Washington, D.C. 20002
Attn: Mr. Dana G. Sheppard, Senior Counsel

Ten (10) copies of the filing should be delivered.

14. Further Orders. The Commissioner reserves the right to supplement or modify the procedures set forth in this Case Management Order whenever necessary to protect the interests of justice and to assure that the proceedings will be conducted in an orderly manner.

SO ORDERED THIS ____ DAY OF JULY, 2002

Lawrence H. Mirel

Commissioner of Insurance